

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

CENTRAL ILLINOIS LIGHT COMPANY )  
d/b/a AmerenCILCO )

CENTRAL ILLINOIS PUBLIC SERVICE COMPANY )  
d/b/a AmerenCIPS )

ILLINOIS POWER COMPANY )  
d/b/a AmerenIP )

Approval of the Energy Efficiency and )  
Demand-Response Plan )

Dkt. No. 07-0539

**BRIEF ON EXCEPTIONS TO THE PROPOSED ORDER  
OF THE  
ILLINOIS INDUSTRIAL ENERGY CONSUMERS**

Pursuant to Section 200.830 of the Rules of Practice (83 Ill. Adm. Code Part 200.830) of the Illinois Commerce Commission ("ICC" or "Commission") and the briefing schedule set by the Administrative Law Judges, the Illinois Industrial Energy Consumers ("IIEC") present their Brief on Exceptions to the Proposed Order in this docket for the Commission's consideration. IIEC agrees with and supports the Proposed Order's adoption of IIEC's modified cost recovery mechanism in this case, which allocates the cost of energy efficiency and demand response programs to customer classes for which the programs are designed and implemented and collects those costs on a cents per kWh charge from all customers within the class. IIEC recommends some clarification of the Proposed Order on that issue, as discussed below.

**Exception # 1 -- Single Charge Cost Recovery**

IIEC suggests, for clarity in the Proposed Order's discussion of Ameren's single-charge proposal (Proposed Order at 27-28), that the Proposed Order include a more specific reference to the identified costs of service presented by IIEC that support adoption of IIEC's proposal for class-specific recovery of energy efficiency and demand response program costs and rejection of a single per kWh charge. (IIEC's proposed modifications also include correction of typographical errors in the same paragraph.) The third paragraph of Section III.B.7 Single-Charge Cost Recovery from all Customers (Proposed Order at 27) should be modified as follows:

Also, if the Commission were to implement the IIEC's proposal, Ameren would ~~need the ability to~~ retain the ability to modify programs, and possibly the cost recovery factors discussed by Mr. Stephens. (IIEC Exhibit 1.0 at 14). Pursuant to the IIEC's proposal, cost recovery would not be "fixed" throughout the course of the plan. Rather, to the extent that Ameren shifts its program focus over time, the charges could be modified in accordance with Ameren's updated costs. The IIEC avers that Ameren's programs and measures appropriately recognize differences in electricity usage amongst its customers. To more properly allocate the costs amongst the three broad ranges of classes, the IIEC proposes a cost-recovery mechanism that reflects these differences. Its witnesses were able to determine energy consumption levels for each of the three "classes" it has identified (*Id.* at 5-8) the class-specific costs of the Plan's distinctive programs for the classes, and an allocated share of overall program administrative costs. It further asserts that a uniform per kilowatt charge could lead to cross-subsidization. (*Id.* at 16).

The first sentence of the Proposed Order's Analysis and Conclusions (Proposed Order at 28) also should be modified, to preserve the clarity of the reasoning presented in support of the Proposed Order's conclusion on this issue.

The distribution of benefits from passage of the **statute** that mandates EE-DR programs is not at issue in this proceeding, and the record evidence is not so broadly focused. This case addresses the content and the effects of Ameren's specific energy efficiency and demand response **Plan**. Because the first sentence of the Proposed Order's Analysis and Conclusion might be misread

(confusing the different scope and sources of benefits), the clarity of the Proposed Order's analysis could be diminished by any resulting confusion. Accordingly, IIEC recommends that the distinction between the Proposed Order's reference to the effects of the statute and the distinct effects of Ameren's Plan be clarified.

The evidence of record shows -- without contradiction -- that all customers do not benefit equally from Ameren's Plan. (*See*, IIEC Init. Br. at 13-16). In fact, Staff's expert agreed that there is no quantification of benefits and no analysis of the distribution of Plan benefits that would support a finding of equal Plan benefits across customer classes. (*See* Lazare Tr. 135).

Though the Proposed Order's analysis is plainly stated and persuasive, the discussion could benefit from greater clarity of the distinction between the anticipated benefits of the statute and the effects of Ameren's specific plan. That portion of the Proposed Order, like the summary of evidence addressed above, also should mention specifically the cost of service evidence that impels recognition of class cost differences in the approved recovery mechanism. Accordingly, IIEC recommends that the first paragraph of the Analysis and Conclusions section respecting the single-charge issue (Proposed Order at 28) be modified as follows:

While we acknowledge that all consumers will benefit ~~equally~~ from the statute, as it attempts to confer cleaner air, less peak demand, and less of a need for new generation and other costs ~~in an equal manner~~, the IIEC's approach to recovery of the costs of Ameren's specific Plan, a Plan that has not been shown to benefit all customers equally, and Ameren's testimony that it will not incur many unnecessary costs or labor when reconfiguring the charges in the manner that the IIEC seeks is compelling. The IIEC's approach is also more in conformance with Section 9-241 of the Public Utilities Act. We further note that the IIEC's approach only matches cost recovery with the distribution of program expenditures; re-distributes the funds collected pursuant to the charge imposed by statute; it does not reduce the amount of funds a utility will be able to use or constrain how it deploys those funds. (Stephens, IIEC Ex. 1.0 Corr. at 14, lines 241-243 and 234-236).

For IIEC's response to other arguments that may be presented in the briefs on exceptions of other parties but not addressed in this brief, IIEC relies on the evidence and arguments presented in its Initial Brief in this proceeding.

Therefore, for the reasons stated above, the specified portions of the Proposed Order respecting adoption of IIEC's proposed cost recovery mechanism should be modified to reflect the modest changes recommended in this Brief on Exceptions.

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Respectfully submitted,

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